

Australis Oil & Gas Limited ACN 609 262 937

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Australis Oil & Gas Limited (ASX:ATS) – Corporate Governance Statement

Below is a statement disclosing the extent to which Australis Oil & Gas Limited will follow, as at the date of its admission to the official list, the recommendations set by the ASX Corporate Governance Council.

ASX Corporate Governance Council Principle / Recommendation	Compliance by Australis
Principle 1 – Lay solid foundations for management and oversight <i>A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</i>	
Recommendation 1.1 A listed entity should disclose: <ul style="list-style-type: none"> the respective roles and responsibilities of its board and management; and those matters expressly reserved to the board and those delegated to management. 	Yes – Board Charter, clauses 1, 2.1, 3.4 and 5.
Recommendation 1.2 A listed entity should <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	Yes – Remuneration and Nomination Committee Charter, clauses 3.5(d) and 3.7(e).
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes – Board Charter, clause 4.2 and Prospectus section 12.3. Each director and senior executive is employed under a written contract.
Recommendation 1.4 The company secretary of a listed entity should be accountable	Yes – Board Charter clause 3.6.

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<p>directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or (ii) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under the Act. 	<p>Yes – Diversity Policy and Prospectus section 5.4.</p>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>Yes – Board Charter clause 4 and Remuneration and Nomination Committee Charter clause 3.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>Yes –Remuneration and Nomination Committee Charter clause 3.</p>

Principle 2 – Structure the board to add value <i>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i>	
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director; <p>and disclose</p> <ul style="list-style-type: none"> (i) the charter of the committee; (ii) the members of the committee; (iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. 	<p>No - The Remuneration and Nomination Committee Charter provides that the committee should comprise at least three members, a majority of whom should be independent directors, and should be chaired by an independent director.</p> <p>At the time of Listing, the committee will comprise two members, Alan Watson and Jon Stewart rather than three. However, Alan Watson will chair the committee and is an independent director.</p> <p>The Company intends to appoint an additional independent director(s) in due course to adopt the ASX Recommendations for remuneration and nomination committees and to comply with the Company's Remuneration and Nomination Committee Charter. The Remuneration and Nominations Committee Charter is summarized in section 5.4 of the Prospectus.</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Yes – Remuneration and Nomination Committee Charter, clause 3.5(b).</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and 	<p>Recommendation 2.3(a) is satisfied in section 5.2 of the Prospectus.</p> <p>Recommendation 2.3(b) is not applicable.</p> <p>Recommendation 2.3(c) is satisfied in section 5.1 of the Prospectus.</p>

<p>(c) the length of service of each director.</p>	
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>No – At the time of listing, the Board will not consist of a majority of independent directors. The Board acknowledges the ASX Corporate Governance Council’s recommendation that a majority of the Board should be independent directors.</p> <p>The Board believes that each non-executive director has significant board, public company and/or oil and gas industry and/or financial experience and this results in a sound understanding of the business of the Company which enable the non-executive directors to provide knowledgeable yet unfettered and independent judgement to the Board’s deliberations. The Board intends in due course to appoint additional independent director(s) with growth in the size and/or complexity of its business such that it will be comprised of a majority of independent directors in the future and this has been reflected in clause 4.3 of the Board Charter</p>
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>No - The chair of the Board (Jonathan Stewart) is not an independent director but is not the same person as the CEO (Ian Lusted).</p> <p>The Board believes that Jonathan Stewart has extensive experience as a board chair as well as oil and gas industry experience and that these skills enhance the function of the Board. The Board believes that Mr Stewart will bring an unfettered and independent judgement to his role as chair of the board.</p>

<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Yes – Board Charter clause 3.5.</p>
<p>Principle 3 – Promote ethical and responsible decision making</p> <p><i>A listed entity should act ethically and responsibly</i></p>	
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	<p>Yes – Code of Conduct and Prospectus section 5.4(c).</p>
<p>Principle 4 – Safeguard integrity in corporate reporting</p> <p><i>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting</i></p>	
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ul style="list-style-type: none"> (i) the charter of the committee; (ii) the relevant qualifications and experience of the members of the committee; and (iii) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. 	<p>No – at the time of listing, the Audit and Risk Management Committee is comprised of two directors not three and will be chaired by Jonathan Stewart who is a non-executive director but not independent. The second member, Alan Watson, is independent but as there are only two members, the Audit and Risk Management Committee will not comprise a majority of independent directors at the time of listing.</p> <p>Mr Jonathan Stewart is a chartered accountant that has extensive experience of managing listed companies and in board positions. The Board believes that Mr Stewart’s experience and skills will improve the function of the Audit and Risk Management Committee and that Mr Stewart will bring an unfettered and independent judgement to his role as chair of the Audit and Risk Management Committee.</p> <p>The Company intends to appoint an additional independent non-executive</p>

	<p>director(s) to the Audit and Risk Management Committee in due course to adopt the ASX Recommendations for audit and risk committees and to comply with the Company's Audit and Risk Management Committee Charter.</p> <p>The Audit and Risk Management Committee is summarised in section 5.4 of the Prospectus. The relevant qualifications and experience of each member are outlined in section 5.1 of the Prospectus.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>This will be complied with at the time the entity's financial statements for a financial period are due to be approved.</p>
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>Yes – Audit and Risk Committee Charter clause 3.5(g).</p>
<p>Principle 5 – Make timely and balanced disclosure</p> <p><i>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</i></p>	
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	<p>Yes – Continuous Disclosure Policy and Prospectus section 5.4(f).</p>
<p>Principle 6 – Respect the rights of security holders</p> <p><i>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</i></p>	
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Yes – a copy of the Board Charter, key governance charters, policies and other documents will be available to</p>

	investors on its website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes – Shareholder Communications Policy and Prospectus section 5.4(e).
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes – Shareholder Communications Policy.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes – Australis shareholders will have the option to receive company information electronically by registering their email address online with the Registry.
Principle 7- Recognise and manage risk <i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework</i>	
Recommendation 7.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose <ul style="list-style-type: none"> (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework. 	No - The Audit and Risk Management Committee is comprised of two directors not three and will be chaired by Jonathan Stewart who is a non-executive director but not independent. The second member, Alan Watson, is independent but as there are only two members, the Audit and Risk Management Committee will not comprise a majority of independent directors at the time of listing. Mr Jonathan Stewart is a chartered accountant that has extensive experience of managing listed companies and in board positions. The Board believes that Mr Stewart’s experience and skills will improve the function of the Audit and Risk Management Committee and that Mr Stewart will bring an unfettered and independent judgement to his role as chair of the Audit and Risk Management Committee. The Company intends to appoint an additional independent non-executive

	<p>director(s) to the Audit and Risk Management Committee in due course to adopt the ASX Recommendations for audit and risk committees and to comply with the Company's Audit and Risk Management Committee Charter.</p> <p>The Audit and Risk Management Committee is summarised in section 5.4 of the Prospectus.</p>
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. 	<p>Yes – Audit and Risk Management Committee Charter clause 8.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	<p>Yes – Audit and Risk Management Committee Charter clause 3.6</p> <p>Australis does/does not have an internal audit function. Audit and Risk Management Committee is discussed at section 5.4 of the Prospectus.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes – Audit and Risk Management Committee Charter clause 3.3.</p>
<p>Principle 8 – Remunerate fairly and responsibly</p> <p><i>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retrain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</i></p>	
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director. 	<p>No - The Remuneration and Nomination Committee Charter provides that the committee should comprise at least three members a majority of whom should be independent directors and be chaired by an independent director.</p> <p>At the time of Listing, the</p>

<p>and disclose:</p> <ul style="list-style-type: none"> (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	<p>Committee will comprise Alan Watson (Chair) and Jon Stewart. Alan Watson is an independent director.</p> <p>The Company intends to appoint an additional independent director(s) in due course to adopt the ASX Recommendations for remuneration and nomination committees and to comply with the Company's Remuneration and Nomination Committee Charter</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Yes - Remuneration and Nomination Committee Charter.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. 	<p>Yes – Securities Trading Policy, clause 4.3 and Prospectus section 5.4(d).</p>